June 24, 2022
2021-004

Honorable Betty T. Yee, State Controller
Office of the State Controller
300 Capitol Mall, Suite 1850
Sacramento, California 95814

Dear Controller Yee:

The California State Auditor's Office presents its Independent Auditor's Report on the State Controller's Office (SCO) *Schedule of Other Postemployment Benefits (OPEB) Pay-As-You-Go-Contributions, Schedule of OPEB Prefunding Contributions, and Schedule of OPEB Amounts* for the plans of the State of California, as of and for the year ended June 30, 2020. The schedules and related notes provide certain state entities and their auditors with information related to the Governmental Accounting Standards Board Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions* and are presented in conformity with accounting principles generally accepted in the United States of America.

Our report is intended solely for the parties included in the restriction on use paragraph contained in the Independent Auditor's Report and is not intended to be and should not be used by anyone other than these specified parties.

We conducted the audit under the authority of Government Code section 8546.4.

Respectfully submitted,

Linus Li

LINUS LI, CPA
Acting Deputy State Auditor

Independent Auditor's Report

THE LEGISLATURE OF THE STATE OF CALIFORNIA
AND THE CALIFORNIA STATE CONTROLLER'S OFFICE

We have audited the accompanying Schedule of OPEB Pay-As-You-Go Contributions and Schedule of OPEB Prefunding Contributions by Valuation Group for the Other Postemployment Benefits (OPEB) plans (the plans) of the State of California for the year ended June 30, 2020, and the related notes. We have also audited the net OPEB liability, deferred outflows of resources, deferred inflows of resources, and total OPEB expense included in the accompanying Schedule of OPEB Amounts by Valuation Group for the plans as of and for the year ended June 30, 2020, and the related notes.

Management's Responsibility for the Schedules

Management is responsible for the preparation and fair presentation of these schedules in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of the schedules that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express opinions on the schedules based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the schedules are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the schedules. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the schedules, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the schedules in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the schedules.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinions

In our opinion, the schedules referred to above present fairly, in all material respects, the OPEB pay-as-you-go contributions, the OPEB prefunding contributions, the net OPEB liability, deferred outflows of resources, deferred inflows of resources, and total OPEB expense for the plans as of and for the year ended June 30, 2020, in accordance with accounting principles generally accepted in the United States of America.

Other Matter

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States of America, the financial statements of the State of California as of and for the year ended June 30, 2020. Our report, dated January 26, 2022, expressed unmodified opinions for the Governmental Activities, the Aggregate Discretely Presented Component Units, each major fund except for the Federal Fund and Unemployment Programs Fund, and the Aggregate Remaining Fund Information. However, we were unable to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion on the Unemployment Programs Fund. Accordingly, we did not express an opinion on those financial statements. Moreover, the lack of sufficient appropriate audit evidence resulted in qualified opinions for the financial statements of the Business-Type Activities and the Federal Fund.

Restriction on Use

Our report is intended solely for the information and use of the California State Controller's Office; Gabriel, Roeder, Smith & Company; and the plans' employers and their auditors and is not intended to be and should not be used by anyone other than these specified parties.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated January 26, 2022, on our consideration of the State's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters for the fiscal year ended June 30, 2020. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the State of California's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the State of California's internal control over financial reporting and compliance.

CALIFORNIA STATE AUDITOR

LINUS LI, CPA
Acting Deputy State Auditor

Sacramento, California

June 22, 2022

State of California

Agent Multiple-Employer Defined Benefit Other Postemployment Benefits (OPEB) Plans

Schedule of OPEB Pay-As-You-Go Contributions, Schedule of OPEB Prefunding Contributions, and Schedule of OPEB Amounts

For the Fiscal Year Ended June 30, 2020

Prepared by
The Office of the State Controller

BETTY T. YEE
California State Controller's Office

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Introductory Section

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BETTY T. YEE
California State Controller

June 22, 2022

To State Entities and their External Auditors:

I am pleased to submit the Report on the *Schedule of OPEB Pay-As-You-Go Contributions, Schedule of OPEB Prefunding Contributions by Valuation Group, and Schedule of OPEB Amounts by Valuation Group* (schedules) for the agent multiple-employer defined benefit Other Postemployment Benefit (OPEB) plans of the State of California as of and for the fiscal year ended June 30, 2020. This report provides certain state entities and their external auditors with supporting information related to Governmental Accounting Standards Board Statement No. 75 (GASB No. 75), *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*, as amended.

The State Controller's Office is responsible for the preparation and fair presentation of the schedules in accordance with accounting principles generally accepted in the United States of America. The report provides users with reasonable assurance that the OPEB information presented in the schedules is fairly stated in accordance with GASB No. 75, as amended.

The information contained in this report is solely for the use of certain state entities and their external auditors and is not intended to be, and should not be, used by anyone other than those specified parties. However, under the Brown Act of 1953, the report is a matter of public record.

Sincerely,

Original signed by

BETTY T. YEE

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Independent Auditor's Opinion

Independent Auditor's Report

THE LEGISLATURE OF THE STATE OF CALIFORNIA
AND THE CALIFORNIA STATE CONTROLLER'S OFFICE

We have audited the accompanying Schedule of OPEB Pay-As-You-Go Contributions and Schedule of OPEB Prefunding Contributions by Valuation Group for the Other Postemployment Benefits (OPEB) plans (the plans) of the State of California for the year ended June 30, 2020, and the related notes. We have also audited the net OPEB liability, deferred outflows of resources, deferred inflows of resources, and total OPEB expense included in the accompanying Schedule of OPEB Amounts by Valuation Group for the plans as of and for the year ended June 30, 2020, and the related notes.

Management's Responsibility for the Schedules

Management is responsible for the preparation and fair presentation of these schedules in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of the schedules that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express opinions on the schedules based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the schedules are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the schedules. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the schedules, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the schedules in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the schedules.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinions

In our opinion, the schedules referred to above present fairly, in all material respects, the OPEB pay-as-you-go contributions, the OPEB prefunding contributions, the net OPEB liability, deferred outflows of resources, deferred inflows of resources, and total OPEB expense for the plans as of and for the year ended June 30, 2020, in accordance with accounting principles generally accepted in the United States of America.

Other Matter

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States of America, the financial statements of the State of California as of and for the year ended June 30, 2020. Our report, dated January 26, 2022, expressed unmodified opinions for the Governmental Activities, the Aggregate Discretely Presented Component Units, each major fund except for the Federal Fund and Unemployment Programs Fund, and the Aggregate Remaining Fund Information. However, we were unable to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion on the Unemployment Programs Fund. Accordingly, we did not express an opinion on those financial statements. Moreover, the lack of sufficient appropriate audit evidence resulted in qualified opinions for the financial statements of the Business-Type Activities and the Federal Fund.

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Our report is intended solely for the information and use of the California State Controller's Office; Gabriel, Roeder, Smith & Company; and the plans' employers and their auditors and is not intended to be and should not be used by anyone other than these specified parties.

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In accordance with *Government Auditing Standards*, we have also issued our report dated January 26, 2022, on our consideration of the State's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters for the fiscal year ended June 30, 2020. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the State of California's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the State of California's internal control over financial reporting and compliance.

CALIFORNIA STATE AUDITOR

LINUS LI, CPA
Acting Deputy State Auditor

Sacramento, California

June 22, 2022

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Schedule of OPEB Pay-As-You-Go Contributions

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Schedule of OPEB Pay-As-You-Go Contributions

For the Year Ended June 30, 2020
(amounts in thousands)

Total OPEB Pay-As-You-Go Contributions, excluding the California State University	$ 2,064,908

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Schedules by Valuation Group

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Schedule of OPEB Prefunding Contributions by Valuation Group[1]

For the Year Ended June 30, 2020
(amounts in thousands)

Valuation Group	Prefunding Contributions[2]
Service Employees International Union (BUs 1,3,4,11,14,15,17,20, & 21)	$ 174,235
Attorneys and Hearing Officers (BU2)	$ 12,320
Protective Services and Public Safety (BU7)	$ 23,811
Professional Engineers (BU9)	$ 31,649
Professional Scientific (BU10)	$ 10,761
Craft and Maintenance (BU12)	$ 26,329

[1] This schedule includes only selected valuation groups that have accumulated prefunding assets in separate accounts by valuation group in the California Employers' Retiree Benefit Trust Fund (CERBTF), as of June 30, 2020.

[2] This schedule reports the employer portion only of the prefunding contributions reported by CalPERS in its audited *Schedule of Changes in Fiduciary Net Position, by Employer as of June 30, 2020*.

Schedule of OPEB Amounts by Valuation Group

As of and For the Year Ended June 30, 2020
(amounts in thousands)

	Valuation Group	
	Service Employees International Union (SEIU)[5]	**Attorneys and Hearing Officers (BU2)**
Net OPEB Liability, as of June 30, 2019	$ 31,445,744	$ 1,221,042
Net OPEB Liability, as of June 30, 2020	32,217,085	1,220,740
Increase (decrease) in the Net OPEB Liability	**$ 771,341**	**$ (302)**
Deferred Outflows of Resources: [1, 2]		
Differences between expected and actual experience [3]	$ —	$ —
Changes in assumptions [3]	1,291,874	26,218
Net differences between projected and actual earnings on OPEB plan investments [4]	7,648	1,198
Total Deferred Outflows of Resources	**$ 1,299,522**	**$ 27,416**
Deferred Inflows of Resources: [2]		
Differences between expected and actual experience [3]	$ 2,551,314	$ 81,926
Changes in assumptions [3]	2,018,535	82,036
Total Deferred Inflows of Resources	**$ 4,569,849**	**$ 163,962**
Total OPEB Expense	**$ 1,111,854**	**$ 41,471**
Average Expected Remaining Service Life [3]	**7.25**	**7.33**
Blended Discount Rate, as of June 30, 2020	**3.077 %**	**3.213 %**

[1] This schedule does not include deferred outflows of resources for employer contributions made subsequent to the measurement date.
[2] This schedule does not include deferred outflows and inflows of resources for changes in the employers' proportionate share based on OPEB Contributions.
[3] Deferred outflows and inflows of resources related to differences between expected and actual experience and changes in assumptions are amortized over closed periods equal to the average expected remaining service lives for members of each valuation group.
[4] Deferred outflows of resources related to differences between projected and actual earnings on OPEB plan investments are netted and amortized over a closed five-year period.
[5] SEIU includes Bargaining Units 1,3,4,11,14,15,17,20, & 21.

Protective Services and Public Safety (BU7)	Professional Engineers (BU9)	Professional Scientific (BU10)	Craft and Maintenance (BU12)
$ 3,126,480	$ 4,278,903	$ 1,019,910	$ 4,156,961
3,188,039	4,445,423	1,051,071	4,135,308
$ 61,559	**$ 166,520**	**$ 31,161**	**$ (21,653)**
$ —	$ —	$ —	$ —
158,857	179,860	41,029	122,348
2,494	2,766	838	2,232
$ 161,351	**$ 182,626**	**$ 41,867**	**$ 124,580**
$ 272,959	$ 283,352	$ 59,285	$ 377,205
156,184	255,933	74,950	218,431
$ 429,143	**$ 539,285**	**$ 134,235**	**$ 595,636**
$ 97,511	**$ 105,487**	**$ 40,772**	**$ 84,602**
6.46	**6.43**	**8.47**	**6.29**
3.134 %	**3.084 %**	**3.229 %**	**3.130 %**

The accompanying notes are an integral part of the Schedules.

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Notes to the Schedules

Notes to the Schedules

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The State of California provides medical and prescription drug benefits to retired state employees and dependents through CalPERS under the Public Employees' Medical and Hospital Care Act, and dental benefits under the State Employees' Dental Care Act. The State, and certain bargaining units and judicial employees (valuation groups) have agreed to prefund retiree healthcare benefits. Assets are held in separate accounts by valuation group within the California Employers' Retiree Benefit Trust (CERBT), an agent multiple-employer defined benefit other postemployment benefits plan administered by CalPERS. Assets within each valuation group benefit retirees and dependents associated with that valuation group.

The Schedule of OPEB Pay-As-You-Go Contributions presents the State's total pay-as-you-go costs, excluding the California State University valuation group. The Schedule of OPEB Prefunding Contributions by Valuation Group and the Schedule of OPEB Amounts by Valuation Group, which together with the Schedule of OPEB Pay-As-You-Go Contributions are referred to hereafter as schedules, present selected information for some of the State's 17 valuation groups. Accordingly, the information contained in the schedules does not purport to be a complete presentation of the fiduciary net position or the changes in fiduciary net position of all valuation groups. The schedules are prepared using the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America. Such preparation requires the California State Controller's Office to make a number of estimates and assumptions related to the reported amounts and disclosures. Due to the inherent nature of these estimates, actual results could differ.

The Schedule of OPEB Amounts by Valuation Group does not include the following entity-specific OPEB amounts that may need to be recognized in accordance with GASB Statement No. 75: (1) deferred outflows of resources for employer contributions made subsequent to the measurement date, and (2) deferred outflows and inflows of resources for changes in the employers' proportionate share based on OPEB contributions.

NOTE 2: OPEB CONTRIBUTIONS

The Schedule of OPEB Pay-As-You-Go Contributions and the Schedule of OPEB Prefunding Contributions by Valuation Group are prepared to provide state entities with information on OPEB employer contribution amounts. This information is used to calculate each state entity's proportionate share of OPEB amounts.

NOTE 3: NET OPEB LIABILITY

The following table shows the components of the net OPEB liability by valuation group as of June 30, 2020 (amounts in thousands):

Valuation Group	Total OPEB Liability	Less: Fiduciary Net Position	Net OPEB Liability
Service Employees International Union (BUs 1,3,4,11,14,15,17,20, & 21)	$ 32,726,807	$ (509,722)	$ 32,217,085
Attorneys and Hearing Officers (BU2)	1,280,678	(59,938)	1,220,740
Protective Services and Public Safety (BU7)	3,311,174	(123,135)	3,188,039
Professional Engineers (BU9)	4,597,247	(151,824)	4,445,423
Professional Scientific (BU10)	1,097,342	(46,271)	1,051,071
Craft and Maintenance (BU12)	4,254,764	(119,456)	4,135,308

Detailed information about the state plans' fiduciary net position is available in a separate report issued by the California Public Employees' Retirement System (CalPERS) at www.CalPERS.ca.gov.

NOTE 4: ACTUARIAL METHODS AND ASSUMPTIONS

For the measurement period ended June 30, 2020 (the measurement date), the total OPEB liability was based on the following actuarial methods and assumptions:

Valuation Date:	June 30, 2020
Actuarial Cost Method:	Entry age normal in accordance with the requirements of GASB Statement No. 75
Actuarial Assumptions	
Discount Rate:	Blended rate for each valuation group, consisting of 6.75% when assets are available to pay benefits, otherwise 20-year Municipal G.O. Bond AA Index rate of 2.45%
Inflation:	2.25%
Salary Increases:	Varies by entry age and service
Investment Rate of Return:	6.75%, net of OPEB plan investment expenses but without reduction for OPEB plan administrative expenses.
Healthcare Cost Trend Rates:	*Pre-Medicare coverage*: Actual rates for 2021, increasing to 7.50% in 2022, then decreasing 0.50% per year to an ultimate rate of 4.50% for years 2028 through 2036, then to 4.25% for 2037 and later years. *Post-Medicare coverage*: Actual rates for 2021, increasing to 7.50% in 2022, then decreasing 0.50% per year to an ultimate rate of 4.50% for years 2028 through 2036, then to 4.25% for 2037 and later years. *Dental coverage*: 0.00% for 2021, 2.00% for 2022, 3.00% for 2023, 4.00% for 2024, and 4.25% for 2025 and later years.
Mortality Rate Table:	Derived using CalPERS' membership data for all members

The mortality table used was developed based on CalPERS' specific data. The table includes 15 years of mortality improvements using the Society of Actuaries 90% Scale MP 2016. For more details on this table, refer to the 2017 *CalPERS Experience Study and Review of Actuarial Assumptions* report (2017 Experience Study) for the period from 1997 to 2015. Other demographic assumptions used in the June 30, 2020 valuation were also based on the results of the 2017 Experience Study, including updates to termination, disability, and retirement rates. The 2017 Experience Study report is available at www.CalPERS.ca.gov.

Healthcare related assumptions such as plan participation, aging factors, adjustments for disabled members, and adjustments for children of current retirees and survivors are based on the State of California Retiree Health Benefits Program 2018 Experience Review performed by Gabriel, Roeder, Smith and Company (GRS) for the period from 2014 to 2018. Other healthcare assumptions such as member healthcare plan selection, coverage and continuance, select and ultimate healthcare cost trend rates, and per capita claim costs and expenses, are based on the most current information available. The GRS 2018 Experience Review is available at www.sco.ca.gov.

NOTE 5: DISCOUNT RATE

The blended rates used to measure the June 30, 2020 total OPEB liability consist of the 20-year Municipal G.O. Bond AA Index rate of 2.45% as of June 30, 2020, as reported by Fidelity, when prefunding assets are not available to pay benefits, and 6.75% when prefunding assets are available to pay benefits. The cash flow projections used to calculate the blended discount rates were developed assuming that prefunding agreements in which actuarial determined normal costs are shared between employees and the State will continue and that the required contributions will be made on time and as scheduled beginning in 2023 and thereafter. The actuarial valuation as of June 30, 2020 includes the impact of the temporary suspensions of employee contributions under the Personal Leave Program that was in effect during the fiscal years ended June 30, 2021 and June 30, 2022.The prefunding agreements are subject to collective bargaining and legislative approval. Detailed information on the blended discount rates by valuation group is available in the *State of California Retiree Health Benefits Program GASB Nos. 74 and 75 Actuarial Valuation Report as of June 30, 2020*, on the State Controller's Office website, at www.SCO.ca.gov.

The long-term expected rate of return on OPEB plan investments was determined by Gabriel, Roeder, Smith & Company using a building-block method in which expected future real rates of return (expected returns, net of OPEB plan investment expense and inflation) are developed for each major asset class. Expected compound (geometric) real returns were calculated over a closed period. Based on separate expected real returns for the short-term (first 10 years) and the long-term (11-40 years), and an average inflation assumption of 2.25%, a single expected nominal return rate of 6.75% was calculated for the combined short-term and long-term periods. If applied to expected cash flows during that period, the resulting present value of benefits is expected to be consistent with the present value of benefits that would be determined by applying the short and long-term expected rates to the same cash flows.

The following table reflects the long-term expected real rate of return by asset class.

Asset Class	Target Asset Allocation	Real Return Years 1-10	Real Return Years 11-40
Global Equity	59.0 %	4.80 %	5.98 %
Fixed Income	25.0	1.10	2.62
Treasury Inflation-Protected Securities	5.0	0.25	1.46
Real Estate Investment Trusts	8.0	3.50	5.00
Commodities	3.0	1.50	2.87

Source: CalPERS

Gabriel, Roeder, Smith & Company used an expected inflation rate of 1.75% for the real return rates in years 1-10 and 2.67% for the real return rates in years 11-40.

In the fiscal year 2019-20, the blended discount rates used in the actuarial assumptions changed from the prior year. Please refer to the prior year report on the State Controller's Office website.

NOTE 6: OPEB EXPENSE, DEFERRED OUTFLOWS OF RESOURCES, AND DEFERRED INFLOWS OF RESOURCES RELATED TO OPEB

The table below presents deferred outflows and inflows of resources related to valuation groups as of June 30, 2020. Deferred outflows and inflows of resources are recognized for changes in assumptions and the difference between expected and actual experience. Net deferred outflows and inflows of resources are recognized for the aggregate difference (positive and negative) between projected and actual earnings on OPEB plan investments arising in different measurement periods. Deferred outflows of resources due to employer contributions made subsequent to the measurement date, and deferred outflows and inflows of resources for changes in the employers' proportionate share are not presented in the table below (amounts in thousands):

Description	Service Employees International Union (SEIU)[1]	Attorneys and Hearing Officers (BU2)	Protective Services and Public Safety (BU7)	Professional Engineers (BU9)
Deferred Outflows of Resources	$ 1,299,522	$ 27,416	$ 161,351	$ 182,626
Deferred Inflows of Resources	4,569,849	163,962	429,143	539,285

Amounts reported as deferred outflows and deferred inflows of resources related to OPEB will be recognized in OPEB expense as either a debit or a (credit) in the future as follows (amounts in thousands):

Measurement Periods	Service Employees International Union (SEIU)[1]	Attorneys and Hearing Officers (BU2)	Protective Services and Public Safety (BU7)	Professional Engineers (BU9)
Year Ended June 30, 2021	$ (971,521)	$ (36,981)	$ (99,602)	$ (151,207)
2022	(971,521)	(36,980)	(99,603)	(139,306)
2023	(860,850)	(33,905)	(51,497)	(69,580)
2024	(479,634)	(19,330)	(13,963)	(9,485)
2025	33,419	(4,078)	(349)	10,377
Thereafter	(20,220)	(5,272)	(2,778)	2,542
Total	**$ (3,270,327)**	**$ (136,546)**	**$ (267,792)**	**$ (356,659)**

[1] SEIU includes Bargaining Units 1,3,4,11,14,15,17,20, & 21.

Professional Scientific (BU10)	Craft and Maintenance (BU12)
$ 41,867	$ 124,580
134,235	595,636

Professional Scientific (BU10)	Craft and Maintenance (BU12)
$ (23,986)	$ (172,396)
(23,904)	(155,329)
(23,905)	(97,232)
(15,480)	(22,527)
(9,653)	(17,591)
4,560	(5,981)
$ (92,368)	**$ (471,056)**

For the fiscal year ended June 30, 2020, the amounts recognized as components of OPEB expense for each valuation group were as follows (amounts in thousands):

Description	Service Employees International Union (SEIU)[1]	Attorneys and Hearing Officers (BU2)	Protective Services and Public Safety (BU7)	Professional Engineers (BU9)
Service Cost	$ 1,116,519	$ 46,162	$ 107,888	$ 136,522
Interest on the Total OPEB Liability	1,162,741	47,687	119,455	159,587
Recognized Differences between Expected and Actual Experience	(556,222)	(17,202)	(67,033)	(75,427)
Recognized Changes of Assumptions	(417,047)	(20,077)	(33,186)	(76,184)
Employee Contributions	(174,235)	(12,320)	(23,811)	(31,649)
Projected Earnings on OPEB Plan Investments	(21,798)	(3,099)	(6,464)	(7,823)
Recognized Differences between Projected and Actual Earnings on Plan Investments	1,748	298	617	406
Administrative Expense	148	22	45	55
Total OPEB Expense	**$ 1,111,854**	**$ 41,471**	**$ 97,511**	**$ 105,487**

[1] SEIU includes Bargaining Units 1,3,4,11,14,15,17,20, & 21.

Professional Scientific (BU10)	Craft and Maintenance (BU12)
$ 38,429	$ 134,649
39,387	154,691
(10,873)	(98,224)
(13,258)	(74,692)
(10,761)	(26,329)
(2,311)	(6,058)
143	522
16	43
$ 40,772	**$ 84,602**

NOTE 7: SENSITIVITY OF THE NET OPEB LIABILITY TO CHANGES IN THE DISCOUNT RATE

The following table presents the net OPEB liability of the valuation groups as of the measurement date, calculated using the blended discount rate for each valuation group as presented in the Schedule of OPEB Amounts by Valuation Group, as well as what the net OPEB liability would be if it were calculated using a discount rate that is one percentage-point lower or one percentage-point higher than the current rate (amounts in thousands):

	Net OPEB Liability		
Valuation Group	Blended Discount Rate -1%	Blended Discount Rate	Blended Discount Rate +1%
Service Employees International Union (BUs 1,3,4,11,14,15,17,20, & 21)	$ 38,131,376	$ 32,217,085	$ 27,507,740
Attorneys and Hearing Officers (BU2)	1,442,691	1,220,740	1,042,617
Protective Services and Public Safety (BU7)	3,811,094	3,188,039	2,698,377
Professional Engineers (BU9)	5,266,761	4,445,423	3,790,011
Professional Scientific (BU10)	1,251,310	1,051,071	891,729
Craft and Maintenance (BU12)	4,868,571	4,135,308	3,549,455

NOTE 8: SENSITIVITY OF THE NET OPEB LIABILITY TO CHANGES IN THE HEALTHCARE COST TREND RATES

The following table presents the net OPEB liability of the valuation groups as of the measurement date, calculated using the select and ultimate healthcare cost trend rates presented in Note 4, Actuarial Methods and Assumptions, as well as what the net OPEB liability would be if it were calculated using healthcare cost trend rates that are one percentage-point lower or one percentage-point higher than the healthcare cost trend rates presented in Note 4 (amounts in thousands):

	Net OPEB Liability		
Valuation Group	Healthcare Cost Trend Rates -1%	Healthcare Cost Trend Rates	Healthcare Cost Trend Rates +1%
Service Employees International Union (BUs 1,3,4,11,14,15,17,20, & 21)	$ 28,126,549	$ 32,217,085	$ 37,474,214
Attorneys and Hearing Officers (BU2)	1,065,534	1,220,740	1,418,139
Protective Services and Public Safety (BU7)	2,759,066	3,188,039	3,741,346
Professional Engineers (BU9)	3,879,642	4,445,423	5,166,950
Professional Scientific (BU10)	910,998	1,051,071	1,232,247
Craft and Maintenance (BU12)	3,633,220	4,135,308	4,771,995

NOTE 9: SUBSEQUENT EVENT

Beginning July 1, 2021, the State reinstated employee pre-funding contributions that were suspended under the Personal Leave Program of 2020. Additionally, the State has appropriated monies from the General Fund on behalf of employees for employee prefunding contributions that were suspended during the fiscal year ended June 30, 2021.

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